

TSP Open Season

May 15 – July 31, 2002

for Members of the
Uniformed Services



United We Save

The Thrift Savings Plan is a voluntary retirement savings and investment plan for Federal civilian employees and members of the uniformed services.

The money you save and earn through your TSP account will provide an important source of retirement income. A major advantage of the TSP is that you pay no taxes on contributions or earnings until you withdraw your account.

As a member of the uniformed services, this open season you can elect to contribute up to 7% of your basic pay each month. If you elect to contribute from basic pay, you may also elect to contribute up to 100% of incentive pay, special pay, and bonus pay that you receive, but your total contributions for the year may not exceed the 2002 Internal Revenue Service (IRS) limit (\$11,000). (Contributions from combat zone pay are not included in this limit. The IRS limit for combat zone, tax-exempt contributions is \$40,000.)

The TSP open season is your chance to start or change the amount of your contributions to your TSP account.

Ask your service TSP representative for the TSP Election Form (TSP-U-1) or download a copy from the TSP Web site, www.tsp.gov. Submit your completed form to your service TSP representative before the end of the open season. (Some services may be using an electronic version of Form TSP-U-1. For example, most members of the Department of Defense have access to Employee/Member Self-Service. Check with your service TSP representative for guidance.)

Your contributions will be made automatically from your pay each month.

You can choose among five investment funds:

- **Government Securities Investment (G) Fund** — invested in short-term, risk-free U.S. Treasury securities that are specially issued to the TSP
- **Fixed Income Index Investment (F) Fund** — invested in a bond index fund that tracks the Lehman Brothers U.S. Aggregate (LBA) bond index
- **Common Stock Index Investment (C) Fund** — invested in a stock index fund that tracks the Standard & Poor's (S&P) 500 stock index (which comprises large companies)
- **Small Capitalization Stock Index Investment (S) Fund** — invested in a stock index fund that tracks the Wilshire 4500 stock index (which comprises small and medium companies)
- **International Stock Index Investment (I) Fund** — invested in a stock index fund that tracks the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) stock index (which comprises stocks in 21 countries)

There is no guarantee that future rates of return will replicate historical rates. There is risk of investment loss in the F, C, S, and I Funds.

TSP returns are calculated monthly. You can get the most recent returns by visiting the TSP Web site at www.tsp.gov or by calling the TSP ThriftLine at (504) 255-8777.

The annual rates of return (net earnings after expenses) for the G, F, C, S, and I Funds are shown below.

Year	G Fund	F Fund	C Fund
1992	7.2%	7.2%	7.7%
1993	6.1%	9.5%	10.1%
1994	7.2%	−3.0%	1.3%
1995	7.0%	18.3%	37.4%
1996	6.8%	3.7%	22.8%
1997	6.8%	9.6%	33.2%
1998	5.7%	8.7%	28.4%
1999	6.0%	−0.8%	21.0%
2000	6.4%	11.7%	−9.1%
2001	5.4%	8.6%	−11.9%
1992 – 2001 compound annual rates of return	6.5%	7.2%	12.9%

Year	S Fund*	I Fund*
1992	11.9%	−12.2%
1993	14.6%	32.7%
1994	−2.7%	7.8%
1995	33.5%	11.3%
1996	17.2%	6.1%
1997	25.7%	1.5%
1998	8.6%	20.1%
1999	35.5%	26.7%
2000	−15.8%	−14.2%
2001	−9.0%	−21.9%
1992 – 2001 compound annual rates of return	10.7%	4.4%

* The S and I Funds were implemented in May 2001. The S Fund tracks the Wilshire 4500 stock index. The I Fund tracks the EAFE (Europe, Australasia, Far East) stock index. The returns shown reflect the actual performance of the S and I Funds for May through December 2001 and the returns of the Wilshire 4500 and EAFE indexes (without deduction of any administrative expenses, trading costs, or investment management fees), respectively, for the first four months of 2001 and for prior years.

You may choose or change your investments in the following ways:

- **Contribution allocation** — specifies the way in which all new money coming into your account (payroll contributions, loan payments, transfers from other retirement plans) is invested in the funds. It does not affect the investment of your current balance. Until you make a contribution allocation, your money will be invested in the G fund.
- **Interfund transfer** — redistributes the money already in your account. It does not affect the investment of future contributions.

You may make your contribution allocation or interfund transfer at any time using:

- the **TSP Web site** (www.tsp.gov)
- the **ThriftLine** (504-255-8777)
- **Form TSP-U-50, Investment Allocation**

The Web site and the ThriftLine are the most efficient ways to make your investment allocation. You will need your Social Security number and your TSP Personal Identification Number (PIN) to make your request. If you are a new participant, you will receive a PIN in the mail after your account is established.

Contribution allocations are processed upon receipt; interfund transfers are processed monthly. However, with the conversion to the new record keeping system later in 2002, interfund transfers will be processed each business day.

More information about the TSP

is available from your service. Ask for the *Summary of the Thrift Savings Plan for the Uniformed Services*. Be sure to review the information in the Summary before you make any TSP decisions. If you want more detailed information on the TSP investment funds, ask for the *Guide to TSP Investments*. You can also get information from the TSP Web site.

Restrictions on withdrawing your money apply while you are a member of the uniformed services; however, the TSP loan program can give you access to money that you have contributed. Also, in-service withdrawals are available under certain circumstances. Read the Summary for details.

Note: If you are a member of the Ready Reserve and you are already contributing to a TSP account as a civilian employee of the Federal Government, your total combined contributions to the TSP cannot exceed the IRS annual limit.

If, as a civilian, you are covered by the Federal Employees Retirement System (FERS), and therefore receive matching contributions, be sure that your contributions to your uniformed services account do not cause you to reach the IRS annual limit before the end of the calendar year or you will lose out on matching contributions from your civilian agency.



Thrift Savings Plan for Federal Employees

www.tsp.gov



TSPUS5/2002